

A
CAPITAL MISTAKE
OF THE
LEGISLATURE
RESPECTING THE
TAXES
ON
RECEIPTS.

Which must either produce an immediate Repeal
of these unprecedented Duties, or convince the
World that the SUBJECTS of *GREAT BRI-
TAIN* are now entirely lost to every Sense of
their own Interest.

By a GENTLEMAN conversant in Revenue Affairs.

L O N D O N:

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CAPITAL MISTAKE

OF THE

REPUBLICAN PARTY

IN THE

STATE OF

NEW YORK

AND THE

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IT appearing by an Act passed last Session of Parliament, that a STAMP has been adopted as the Mode of levying a *Tax* of *Two pence* on all Receipts for two Pounds, and under twenty Pounds; and also, a *Tax* of *Four-pence* on all Receipts for twenty Pounds and upwards, which are to commence on the Second Day of *September*; and as there is not to be found in the whole World of Finance, one single Instance of a Stamp being employed to levy a Tax so general and frequent in its Operations, as those now imposed on Receipts, it may perhaps be prudent at this Time to

enquire, WHETHER IT BE NOT MORALLY IMPOSSIBLE FOR GOVERNMENT TO SUCCEED IN LEVYING THOSE TAXES BY THE MODE PROPOSED? the more especially as it admits of the clearest Demonstration that the Revenue of stamp Duty is naturally subject to a Fraud, which in certain Circumstances, is capable of effecting its total Ruin; that this Fraud is carried on by means of Counterfeit Stamps, executed in such a Manner as to render it utterly impracticable for any Person whatever to distinguish them from genuine Stamps; and that nothing can save the Revenue in question, from falling a Sacrifice to this Fraud, but a fixed Purpose of the Legislature to keep the Duties of that Department so moderate in their Rates, and at the same Time so limited in their Operation, that their Produce may never appear an Object worthy the Pursuit of Forgers; because so soon as a stamp Duty is rendered *general, active and prolific*, it becomes
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an irresistible Temptation to the Fraud of Counterfeits, and must fall an easy Prey to the Engravers, not only of this Country, but also of *France, Holland* and other neighbouring Nations, who will not fail to pour their Counterfeits into all the Ports and Creeks of the Kingdom.

In order to assist the Public to solve this important Question, I take the Liberty of laying before them the few following Remarks, and shall begin with considering the *Nature* of a PAPER STAMP, which is the Instrument to be employed in raising the aforesaid Taxes on Receipts.

It is a well known Fact, that all Paper possesses the Power of imbibing Moisture from damp Air, expands in Consequence of such Moisture and contracts on being placed in any dry Situation. If a Sheet of damp Paper be held near a Fire it will manifest its contracting Power by rolling itself together; and as the Side next the Fire receives
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more Heat than the other, and of Course undergoes a greater degree of Contraction, the Paper will be found invariably to bend towards the Fire.

It is also well known that all Paper in a dry State possesses an elastic Virtue. If a Sheet of such Paper be quickly pressed into a globular Figure of about three or four Inches in Diameter, it will evidence its elastic Power by a crackling Noise and a Motion tending towards the Recovery of its former Figure.

These Qualities depend in a great Measure on the original Thickness and Texture of the Paper. One Sheet may possess these Properties in a higher Degree than another, though both should be made in the same Manner and of the same Materials, and both taken from the same Quire, it being impracticable to make any two Sheets of Paper, or any single Sheet throughout, of perfectly the same Thickness and Quality. These depend on an infinite variety of Circum-

Circumstances. The manner of shaking the Mould—the degree of pressure of the Sheets between the Felts—the Space of Time in which they are dried—the Quality of the Size in which they are dipped, and the temperature of the Air at the Time the Operation is performed, cannot possibly be ascertained with Precision, consequently it must be left to Chance, whether any two Sheets of Paper in a thousand Reams shall be of the same Quality.

If twenty Sheets of Paper in a damp state, and all of different Degrees of Moisture, were each to receive a Stamp from the same Die, the whole Impressions on being dried, would undergo different Degrees of Contraction in proportion to the Moisture they had imbibed. They would all of Course differ from each other, and having all contracted more or less, not one of them would exactly correspond, even with the Die by which they were stamped. It necessarily follows, that although

though a Counterfeit Stamp, should be found on Examination to be of smaller Dimensions than the genuine Die, it is impossible to prove it to be a Counterfeit from that Circumstance, as no one can determine whether this Difference may have been the Effect of a forged Die, or the natural *Contraction* of a legal Stamp.

If that space of the Paper which receives the Impression, be not throughout of the same Thickness, Quality and Moisture, one Part of the Impression will of course shrink more than the Rest, by which Means a straight Line will become somewhat crooked, and a Circle assume an oval Figure. It is therefore evident that although a Counterfeit Stamp, be found with Lines somewhat crooked in place of straight Ones, or an Oval instead of a Circle, it is nevertheless impossible from these Circumstances to prove it to be a Counterfeit, as no one can determine whether these Differences are the
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Effects of a forged Die, or the *partial Contraction* of a genuine Stamp.

When a Sheet of Paper in a dry elastic State receives an Impression, it makes an Effort to recover its natural Figure, and succeeding in some Degree, obliges the Impression to deviate from the Die by which it was stamped. The substance of the Paper forming the prominent Parts of the Impression having been condensed by the Pressure, will recover in some Degree its former open Texture soon after the removal of the Die, and thereby become larger than at the instant the Impression was made. It is therefore evident, that although a Counterfeit Stamp should be found with larger prominent Parts than any genuine Stamp with which it may happen to be compared, it is nevertheless impossible to prove it to be a Counterfeit, as no one can determine, whether that difference be the Effect of a forged Die, cut in a deep and ill proportioned Manner, or the mere Consequence

sequence of the *elastic Power* of a genuine Stamp.

Fine Paper receives a better Impression from the Die than *coarse* Paper. The former flies into all the minute Crevices of the Die and affords a bold Impression with distinct and acute prominent Parts. The latter, from its coarse Texture cannot reach the small and deep recesses of the Die and therefore yields a faint Impression, of which the prominent Parts are obtuse and imperfect. A Forgery itself might approach nearer to one or other of these than they do to themselves, and the two which bore the strongest Resemblance to each other, might very naturally happen to be deemed genuine and the other a Forgery: So that the genuine Stamps may be sometimes suspected as Forgeries, while Forgeries may be considered as genuine. The same differences frequently take place in genuine Stamps, although the Paper be of the same Quality as the Degree of Pressure is greater

er at one Time than at another. It necessarily follows, that although a Counterfeit Stamp be found with very obtuse and imperfect prominent parts, it is impossible to prove it to be a Counterfeit from these Circumstances, as no one can determine whether these Imperfections be the effects of a forged Die cut in a shallow and defective Manner, or the mere Consequence of a difference in the *Quality* of the Paper or of a *slight pressure* from the genuine Die.

As the most durable Metals yield to pressure and friction, the genuine Die itself must undergo some alteration in its Figure by being in constant Use. Of course the Impressions of a new Die will differ somewhat from those made by the same Die after it has been much used. It is therefore evident that a Counterfeit Stamp may differ in some respects from one that is genuine, and yet it may be impossible to prove it to be a Counterfeit from such Cir-

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cumstance, as no one can determine whether the Difference may have been the Effect of a forged Die or the Consequence of that *change* which may have taken place in the genuine Die by being for a considerable Time in constant Use.

The boldest Impressions are most subject to variation. The prominent Parts being high and sharp, are very liable to be diminished by accidental friction. Although they may have suffered in this Manner, the Surface may yet appear so smooth as to render it impossible to ascertain whether they have been diminished or not. It therefore must follow that although a counterfeit Stamp may be found with lower prominent Parts, than any genuine Stamp with which it may happen to be compared, it cannot be proved to be a Counterfeit from that Circumstance as no one can determine whether it is the Effect of a forged Die cut in a *shallow* Manner or the diminution which a genuine Stamp has suffered by *accidental friction*. The

The prominent Parts of a bold Impression being high and sharp, are also liable to be flattened by accidental pressure. When thus flattened they sometimes double down in an invisible Manner over the plain spaces of the Impression, and thereby render such plain Spaces apparently less than before while they themselves become broader. At other Times the prominent parts instead of doubling down in that Manner, force their way in a more perpendicular Direction, compressing the surrounding plain Spaces, and thereby render such plain Spaces in reality less than before. It is therefore evident that although a Counterfeit Stamp should be found to have broader projecting parts and narrower plain Spaces than any genuine Stamp with which it may happen to be compared, it is impossible to prove it to be a Counterfeit from these Circumstances, as no one can determine whether these Differences are the Effects of a forged Die, or an accidental *pressure* on the prominent Parts of

of a genuine Stamp; nor is it practicable to ascertain with precision, the exact Distances of all the various parts of any paper Stamp with a pair of Compasses, or otherwise, these parts being very minute, and the whole body of the Impression being always more or less *puckered* by the superior Contraction of the surrounding Parts and other causes.

In order that those who are totally unacquainted with the art of Engraving, may form an Idea how extremely easy it must be for an Engraver to make an accurate Die, they may take a piece of red Chalk or black Lead and touch over the prominent parts of a genuine Impression, and then lay the face of the Stamp upon a plate of Copper or other metal which has been spread thinly over with virgin Wax. The Stamp after being gently rubbed on the back, may be taken off, and the exact Design of the Impression will be left on the Plate, wanting nothing but to be traced with the Point or Needle, and scooped out by the Graver.

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Counterfeit Stamps are not subject to the same *Checks* during the Course of Circulation as Forgeries of another nature. Bank and other Bills, may be detected when two or more Copies are presented for payment. The Person demanding the Money may be apprehended on the Spot; if Guilty he is punished, if Innocent, he generally traces the Author, and should he fail, the Hue and Cry is instantly raised all over the Country. Counterfeit Receipt Stamps on the contrary, may multiply and circulate to any extent without Detection or Molestation, because a few genuine Stamps are sufficient to screen the public Sale of a very considerable number of Counterfeits; and no legal Stamp can come in the manner of a genuine Bill to demand Payment of a Sum which a Counterfeit has previously received. The Revenue may suffer an yearly diminution of many hundred thousand Pounds by Counterfeits, while it is impossible for the King's Officers themselves to determine

termine whether it has lost a single Farthing; consequently Forgers of counterfeit Stamps are not in the dangerous Situation of Housebreakers, Shoplifters or Highway Robbers, whose Offences are of a public Nature. Nor is a forged Stamp in the same hazardous Predicament with counterfeit Coin. Should there be any Doubt in regard to the Impression of such Coin, recourse is had to the Colour. Should that not happen to determine the Matter, the Weight is consulted. If it be full Weight the Size would be an infallible Proof, and the Quality of the Metal, which on a strict Examination, can be ascertained with Precision, is another Criterion. But a Paper Stamp has no other Characterestic than the mere Impression, and as on this Account, it cannot be subjected to a variety of Tests, it rests perfectly safe even under the strongest Suspicions. Doubts may be entertained against a Counterfeit Stamp but it has been shewn that there are numberless Cases where still greater Doubts

Doubts may arise even against a genuine Stamp. It has been demonstrated that a Counterfeit may be either greater or smaller in all its parts than the genuine Die—that it may have some Lines awry in place of straight ones, and Ovals instead of Circles—that it may have faint and imperfect prominent parts instead of acute and distinct ones,—that its plain Spaces may be narrower, and its prominent parts broader and lower or even broader and higher than those of any genuine Stamp with which it may happen to be compared, and that it is nevertheless impossible to prove it to be a Counterfeit from these Circumstances, as every JURY must know that even a genuine Stamp is liable to all these DEVIATIONS from the genuine Die, and that no human Sagacity can ascertain the true and full extent of all or any one of them. In consequence of this Latitude, a Forger, after destroying the most faint and imperfect of his Impressions, might bring to Sale a croud
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of Counterfeits bearing even a *stronger resemblance* to the genuine Die than many of the genuine Stamps themselves, and should an Attempt be offered to convict Retailers or others of Felony on account of being in possession of paper Stamps, which differ from the genuine Die, it is evident that the Persons concerned in the genuine Stamps would run a much greater risk of being so convicted than those who are in actual possession of the Counterfeits.

Having thus pointed out the gross Faults and Imperfections of a PAPER STAMP which take place at the instant it receives the Impression, and also the Changes it afterwards undergoes, both from the inherent qualities of its Composition, and from the external Accidents to which it is liable, and having likewise demonstrated the impossibility of distinguishing Counterfeits from genuine Stamps, I proceed to consider the Encouragement which Counterfeits will receive from the Taxes on Receipts.

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Here lies the CAPITAL MISTAKE of the LEGISLATURE. The Fraud of Counterfeits which is capable of undermining and overturning the whole Revenue of stamp Duty, is a Fraud which may be *prevented* but cannot be *detected*. While the Duties of that Department are kept within their proper Bounds ; while they are so moderate in their Rates, and at the same Time so limited in their Operation, that their Produce cannot rise to such a height in any part of the Kingdom, as to become an Object worthy the pursuit of Forgers, they may not receive any essential Injury from the Fraud of Counterfeits ; but the Legislature have evidently exceeded the Limits which the nature of a stamp Duty has prescribed, and added to that branch of Revenue, an unprecedented Tax on Receipts, which by extending to all parts of the Kingdom, and operating incessantly every where, must raise the daily produce of stamp Duties in every Corner, to such a height, as will present

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many thousands of ingenious People with the alluring prospect of a genteel Subsistence, and in the course of a few Months, establish the Fraud in question, which it will be utterly impossible to eradicate. No Engraver will be able to set his foot but where he may find a brisk demand for receipt Stamps to afford him a fair Opportunity of making a handsome Fortune. The Field is likewise open for the FRENCH, DUTCH and other Nations to come in with *their* Counterfeits and enjoy the privilege of levying Taxes on the People of England. Nor will common Engravers be the only Persons who will avail themselves of the lucrative Advantages which this *mode* of Taxation holds forth. Many Retailers of Stamps and others, will no doubt soon acquire and perhaps have already acquired for the Purpose, so much of the Engraving Art as to enable them to become Sharers in the public Spoil ; and there is also some presumption that not a few ingenious Persons in the mercantile

tile Line who may sometimes have occasion to feel the Weight of this Tax will follow the same Plan in order to ease themselves of the Burthen.

Upon the whole, it is evident that the Faults and Imperfections of a PAPER STAMP, which take place at the instant it receives the Impression, and likewise the Changes it undergoes both from the inherent Qualities of its Composition and from the external Accidents to which it is liable, are such as must render it utterly impossible for any Person whatever to distinguish between Counterfeits and genuine Stamps—that the Fraud of Counterfeits is only to be prevented, by keeping the stamp Duties so moderate in their Rates and so limited in their Operation, that their Produce may never rise to such a Height as to become an Object worthy the pursuit of Forgers—that the Legislature have exceeded these Limits, and imposed an unprecedented

cedented Tax on Receipts, which must introduce and support the Fraud of Counterfeits, which it will be impossible to suppress.—that Forgers of Counterfeit Stamps are not in the dangerous Situation of Housebreakers, Shoplifters, or Highway Robbers; whose Offences are of a public Nature, and not only give an immediate Alarm, but also point out the Spot where they have been committed, which in general leads to a Conviction of the Offender.—that counterfeit Receipt Stamps are not subject to the same Checks with other Forgeries—that only a few genuine Stamps will be necessary to screen the public Sale of a very considerable number of Counterfeits, and that the Counterfeits may soon exceed the number of genuine Stamps—that such Counterfeits will raise the Taxes on Receipts for the Benefit of Forgers as effectually as genuine Stamps can possibly do for that of Government; and it follows
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by neecessary Consequence, THAT IT IS MORALLY IMPOSSIBLE TO LEVY THE TAXES ON RECEIPTS, FOR THE BENEFIT OF GOVERNMENT, BY MEANS OF A STAMP DUTY, which is a plain and direct Answer to the Question stated in the Introduction to these Remarks.

Perhaps the Legislature, however, may be inclined to make Trial of these Taxes, at all events, before dropping them. But such Experiment would be both useless and ruinous. Useless, because it admits of the clearest Demonstration that it is morally impossible to levy the Taxes on Receipts for the benefit of Government by the mode proposed. And it must prove a ruinous Experiment, because it would draw many hundred thousand Pounds out of the Pockets of the Public, and throw it into the Hands of Forgers — would be a grievous Burthen on the People without affording any essential Relief to the State

State, and make it necessary to add new Taxes to compensate for the Loss sustained through Counterfeits, and also do an irreparable Injury to all the other Branches of the Revenue of stamp Duty ; it being evident to every one who knows any thing of the human Character, that Engravers and others, after tasting the Sweets of their Invention, will not rest with the Receipt Stamps, but will proceed some Steps further, and try their Hands on the common four shillings stamp Paper—on the Stamps for Bills and promissory Notes—on Bills of Lading, and so forth, till they effectually undermine the whole Revenue of stamp Duty in the Kingdom.

It is therefore the Interest of all ranks and descriptions of Men, whether Landholders, Traders or Mechanics, to join in an early Application to Parliament, humbly requesting an immediate Repeal of the Stamp Duties on Receipts, in order to prevent as
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much as possible, that great and ruinous waste of the public Money, which will be the inevitable Consequence of the attempt to levy those *heavy* and *extensive* Taxes by way of a STAMP DUTY.

London,
August 30, 1783.

much as possible, that great and
innumerable waste of the public Money, which
will be the inevitable Consequence of
the attempt to levy those heavy and
extraneous Taxes by way of a Stamp
Duty.

London
Nov 20, 1781.

